

Brazil: government intervenes against workers at occupied factories

V. Hugo

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After being occupied and operated for nearly five years by workers, the Cipla-Interfibra factory complex was raided suddenly last May by Brazilian federal police, which sent some 150 armed men to take over the facilities and replace the factory leadership elected by the workers with a federal intervener. In June, the Flasko factory suffered a similar intervention.

All three factories produce plastic. Flasko is located in Sumaré in the state of São Paulo, and is part of the same corporate group as Cipla-Interfibra, which is in Joinville, in the state of Santa Catarina.

As opposed to the intervention at Cipla-Interfibra, which was successful, the 70 workers at Flasko resisted, paralyzing production and blocking the dismissal of the members of the factory commission and the assumption of control by the intervener.

Cipla employs some 1,000 workers and is one of Joinville's largest factories. The company's owners entered into an agreement with the government after failing to pay taxes for two years. In 1998, after failing to meet further tax obligations, the firm stopped paying its share of workers compensation and social security payments.

In January 2002, in response to this situation, the workers went on strike, walking out in defiance of their own union leadership. As a result, 80 workers were fired. The union crushed the strike and drove the fired workers away from the factory gate. After the strike, the situation only deteriorated, as the company failed to issue workers' paychecks on time.

In September 2002, the workers walked out again. Once again, their union opposed the action, classifying the strike as illegal. The employers claimed that they were unable to pay back wages and benefits owed to the workers. After eight days on strike, the workers took control of the factory.

One of the first measures taken by the workers after occupying the plants was to elect a factory commission. The commission reviewed the situation confronting the company: its debt was absolutely unpayable, amounting to more than 500 million *reais* (about US\$250 million). Eighty percent of this money was owed in social security payments and taxes. The workers were receiving between 30 and 50 *reais* a week, less in some cases than the miserable national minimum wage of 200 *reais* (US\$100) a month.

With the occupation of the factory, the workers' situation began to change: the workers' administration managed to pay out more than 80 percent of the back wages, vacations and other benefits

that the old owners had withheld, and even paid more than 2 million *reais* in workers compensation and other payments owed by the old owners to those who had left the industry. It also abolished the hours-bank system, under which workers were denied extra pay for overtime. The workday was reduced from 44 to 40 hours in April 2003, and from 40 to 30 hours in January 2007, without any cut in pay. In addition to maintaining all 1,000 jobs, the adoption of the 30-hour week allowed the plant to hire 40 new employees.

All of the general policies of the administration were decided at assemblies of all the workers. An association was formed to finance political struggle, maintained through voluntary contributions from the workers.

At the time of the occupation, Cipla was earning 950,000 *reais* a month and Interfibra had been closed for some months. After a few years of the occupation, the income of Cipla and Interfibra together had risen to almost 5 million *reais*. Nonetheless, this was not enough to pay off all of the obligations such as worker compensation payments and taxes. Moreover, at the time the government ordered the raid on the factories, they had yet to pay workers the extra monthly paycheck Brazilian workers receive at the end of each year.

Aid from the Venezuelan government was a determining factor in the ability of the occupied factories to bring about this significant improvement in the financial conditions of the firm. In the course of the five years of occupation, the government of President Hugo Chavez sent more than 4 million *reais* worth of raw materials. The leaders of the factory commission believed that without this aid, the plants would have been shut down long before. Under the agreement signed with Chavez, in the coming months another 4 million *reais* worth of materials were to be sent, but with the government intervention, this aid has been stopped.

After the government's seizure of the factories, the payment of salaries has once again been delayed. Part of May's salaries has yet to be paid (workers received only 1,100 *reais*) as well as part of June's (only 700 *reais* paid). The workday has returned to the previous longer hours and the system of the hours-bank reimposed. Close to 50 workers have been laid off, with more dismissals anticipated.

The intervener, who receives a monthly salary of 87,000 *reais* (the equivalent of half a million US dollars a year), which amounts to fully 10 percent of the company's compensation expenses. One of his first decisions was that salaries were too high for the

workers, and he decided to slash compensation costs by 20 percent, or 180,000 *reais* out of 900,000 *reais* a month. All of the workers in areas that are to be contracted out are on a list for dismissal. This includes die makers, cafeteria workers and guards, as well as those workers old enough or with enough time on the job to retire. The views of the workers, who before took part in management decisions through the assemblies, are now totally ignored.

In June 2003, the Cipla-Interfibra workers took a petition in support of the occupation signed by some 70,000 people to Brazil's President Luiz Inacio Lula da Silva. They demanded the state takeover of the factories as the only means of ensuring their continued operation. In a meeting with the representatives of the workers, Lula declared that state takeover was not in the government's plans, but he promised to do something to help the workers in the occupied factories.

Two years later, the factory committee at Cipla sent a letter to Lula declaring that "the workers were respectfully waiting the solution that Lula had promised two years ago." In the letter, the workers referred to Lula as "comrade." Despite all of this respect and cordiality shown by the leadership of the occupation, once again Lula—the former metalworker turned president—did nothing to resolve the workers' demands.

The leadership at Flasko sought to establish a similar relation with Lula, trying to excuse the "companheiro" president of any responsibility for the federal police intervention. On their web site last month, the Flasko leadership called upon its leaders to "go after the offices and persons in the federal government who allowed" the interventions at the factories. But was it just some offices and some people in the federal government who allowed these interventions? Is it possible that the president had no responsibility for these actions? How far will the leadership of the factory occupation go in covering up for Lula?

Rather than intervene in the worker-occupied factories, why didn't "companheiro" Lula order the social security ministry to prosecute the private companies that failed to pay workers' benefits? The press has repeatedly exposed these debtors: the Vale do Rio Doce Company, the second-largest mining firm in the world, owes 192 million *reais* (nearly US\$100 million); Volkswagen owes 212 million *reais*; SPTrans, the private firm that runs the transportation concession in the city of São Paulo and which profits from the highest fares in the country, owes 848 million *reais* (US\$424 million) to the National Institute of Social Service (INSS). Lula has no problem with these debts. Instead, he intervenes in factories occupied by workers, trying to force them to pay the debts contracted by the previous owners.

Factory occupations constitute an important means of struggle for the working class. They pose in practice the question of who really owns the factories—the working class, which with its labor constructed the buildings, the machines and the raw materials, or the class that has enriched itself through the appropriation of others' labor. Moreover, this rich experience serves to demonstrate to the workers that they do not need employers to be able to carry out production and make their own living.

Factory occupations do not represent a new tactic in the workers' movement. In June 1936, the French workers

transformed the occupation of factories, which spread throughout France, into a revolutionary situation, raising the question of power, before they were betrayed by the French Communist Party, which led the principal union in the country and was able to suppress the strikes and reach a deal with the government.

The challenges that the workers in the occupied factories are confronting in Brazil today are a consequence of their isolation and lack of a political alternative. It is impossible for a few isolated factories to compete with the big multinational monopolies without resorting to artificial measures, such as the aid from the Venezuelan government. In the same way as a country that undergoes a proletarian revolution is confronted with the continuation of imperialist domination throughout the rest of the world, as the experience of the ex-USSR demonstrated, to think that it is possible to maintain over a prolonged period isolated factory occupations is not only an illusion, but a serious error. Just as in the tragic experience in the Soviet Union, the occupations of isolated factories tend toward the development of a bureaucratic caste that ends up controlling the factories and running them in their own interests before handing them back to capitalist owners.

The only way forward for the workers in the occupied factories is to break the isolation of this movement, and this is something that cannot be done by seeking the support of either the Lula government in Brazil or the Chavez government in Venezuela. The working class can count only on its own strength. The movement of factory occupations can break out of its isolation only by spreading these occupations throughout the country, to every firm that threatens mass layoffs or shutdowns.

In this sense, beyond occupying the bankrupt factories like Cipla, Interfibra, Flasko and Flakepet, it is necessary to organize the workers in the principal industries in the country, preparing to resist any layoffs or shutdowns. This can be achieved only through the building of a mass revolutionary party, which seeks to unite the struggles of Brazilian workers with those of workers all over the world, and which refuses to subordinate the interests of the workers to those of the employers and their government.



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